

Date Mailed
July 29, 1999

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Energy Corporation for Approval to
Acquire the Stock of WICOR Inc.

9401-YO-100
9402-YO-101

**NOTICE OF PROCEEDING,
INVESTIGATION, ASSESSMENT OF COSTS
AND PREHEARING CONFERENCE**

Prehearing Conference Date: September 8, 1999 – 1:30 p.m.

**Conference Location: Public Service Commission, 610 North Whitney Way,
Madison, WI**

THIS IS A PROCEEDING TO consider the application of Wisconsin Energy Corporation (WEC) to acquire 100 percent of the outstanding common stock of WICOR, Inc. (WICOR).

Because WICOR is a holding company, as defined by Wis. Stat. § 196.795(1)(h)1.a., the proposed transaction is governed by Wis. Stat. § 196.795(3), which provides in relevant part:

No person may take, hold or acquire, directly or indirectly, more than 10% of the outstanding voting securities of a holding company, with the unconditional power to vote those securities, unless the commission has determined, after investigation and an opportunity for hearing, that the taking, holding or acquiring is in the best interests of utility consumers, investors and the public.

The application seeks approval of the transaction under Wis. Stat. § 196.795(3). In addition to approval, applicant WEC seeks a determination from the Commission authorizing the recovery of an acquisition premium associated with their proposed acquisition.

The application states that the transaction will be structured as a merger of WICOR and a special purpose acquisition subsidiary of WEC. The transaction may involve cash and stock or just cash. If the transaction involves both cash and stock, WICOR will be merged into the acquisition subsidiary and the name of the subsidiary will be changed to WICOR. If the transaction involves only cash, the acquisition subsidiary will be merged into WICOR. In either event, WICOR (or its successor) will become a wholly-owned subsidiary of WEC and will in turn own Wisconsin Gas Company (WGC) and the other WICOR subsidiaries.

WEC is a holding company with a number of wholly-owned subsidiaries. In fiscal 1998, WEC had operating revenues of approximately \$2 billion, net income of approximately \$188 million, and employed approximately 5,400 people, including 690 in its gas operations.

WEC's Wisconsin Electric Power Company (WEPCO) subsidiary is a public utility. In addition to its steam and electric energy businesses, WEPCO also purchases and transports natural gas to Wisconsin through pipeline companies and distributes and sells natural gas in a territory of approximately 3,800 square miles in the area west and south of Milwaukee, an area along the Michigan border, the Appleton area, and the Prairie du Chien area. The gas service territory has an estimated population of approximately 1.2 million. WEPCO's gas assets include approximately 7,900 miles of gas mains.

WICOR is a holding company that was formed in 1980. It owns and operates subsidiaries in two industries: energy services and pump manufacturing. WICOR had 1998 operating revenues of \$944 million, of which \$481 million was attributable to its energy subsidiaries and \$463 million to manufacturing. WICOR's net income in 1998 was \$45.5 million, with 48 percent of that from energy and 52 percent from manufacturing.

WICOR's principal energy subsidiary is WGC, a regulated natural gas utility which purchases and transports natural gas to Wisconsin through pipeline companies and distributes and sells that gas to approximately 529,000 customers in Wisconsin. WGC owns approximately 9,100 miles of gas mains.

Copies of the WEC's application can be obtained by calling Roman Draba, Manager, State Regulatory Affairs, WEPCO, at (414) 221-2285. Any interested parties to this docket can begin discovery immediately by submitting such requests to Mr. Draba at WEPCO.

NOTICE IS GIVEN that the Commission will hold a prehearing conference on September 8, 1999, at 1:30 p.m. in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin, and continuing at times to be set by the presiding Hearing Examiner. This building is accessible to people in wheelchairs through the Whitney Way first floor (lobby) entrance. Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact the case coordinator listed below.

The prehearing conference is being held to: (1) identify persons who will actively participate as full parties; (2) identify issues; (3) determine the date and time for a hearing; (4) specify dates for filing testimony and exhibits; and (5) any other matters that will facilitate the hearing.

Full parties will be bound by the designation of issues and the schedule adopted at the prehearing conference. Persons who consider themselves to be potential full parties should participate in the prehearing conference. Persons who desire to actively participate as full parties must request full party status in writing. Full party status requests should be addressed to

Dockets 9401-YO-100, 9402-YO-101

Jeffrey Patzke, Hearing Examiner, Public Service Commission of Wisconsin, Examining Division, P.O. Box 7854, Madison, Wisconsin 53707-7854.

Applications for intervenor compensation must be received at the Commission by September 28, 1999, as provided in Wis. Admin. Code § PSC 3.03. Requests for intervenor compensation should be addressed to Lynda Dorr and Gordon Grant, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, Wisconsin 53707-7854.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the case coordinator listed below.

Questions from the media may be directed to Jeffrey L. Butson, Public Affairs Director, at (608) 267-0912.

Questions regarding this matter may be directed to case coordinator Robert Norcross at (608) 267-9229.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

LLD:RDN:ash:g:\notice\pending\9401-YO-100, 9402-YO-101 Prehearing Conf.doc